

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1428 - HB 1575

April 2, 2009

SUMMARY OF BILL: Requires businesses in the “hospitality industry” to be licensed by the Department of Commerce and Insurance. Violations are punishable as a Class A misdemeanor.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$315,000/One-Time/Hospitality
Commission**

**\$300,000/Biennially Beginning
FY11-12/Hospitality
Commission**

**Increase State Expenditures – \$12,800/One-Time/Hospitality
Commission**

**\$149,800/Recurring/Hospitality
Commission**

Increase Local Revenue – Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

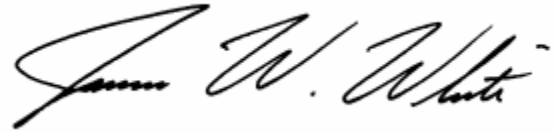
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. Initial license fees and renewal fees will be set at a rate to cover operational expenses.
- Estimated 5,000 initial applicants. In order to be self-supporting, the initial fees will have to be set at \$63 to generate revenue of \$315,000 (5,000 initial applicants x \$63). The one-time revenue will cover the operational costs of the first two years and the one-time expenditures. Licenses are valid for two years.
- In order to be self-supporting, the biennial renewal fees would have to be set at \$60 to generate revenue of \$300,000 (5,000 renewals x \$60 renewal fee).
- The Department of Commerce and Insurance will require personnel for administering of this licensing program. These personnel will consist of an assistant director (\$42,300 salary), an administrative assistant (\$30,400 salary) and a license tech (\$27,900 salary).

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- One-time increase to state expenditures estimated at \$12,800 (\$6,000 landscaping costs + \$2,800 computer cost + \$4,000 computer programming updates).
- Recurring increase to state expenditures is estimated at \$149,804 (\$100,600 salaries + \$34,204 benefits + \$6,000 computer costs + \$6,000 office lease + \$3,000 communication and supplies).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

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